

# **Four Pillars Economic Espionage Case Update**

**(3/4/2002)**

On February 20, 2002, a federal appeals court affirmed the convictions of all defendants in the Four Pillars economic espionage case but sent the case back to the trial court for resentencing. The defendants had appealed the denial of various motions and the imposition of a \$5 million fine on the Four Pillars corporation. The government had appealed the light sentences imposed on the individual defendants, Pin Yen Yang and Hwei Chen Yang.

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On February 20, 2002, the U.S. Court of Appeals for the Sixth Circuit affirmed the convictions of Pin Yen Yang; Yang's daughter Hwei Chen Yang (a.k.a. Sally Yang); and the Four Pillars Enterprise Company, Ltd. On April 29, 1999, a jury found the defendants guilty of attempt and conspiracy to commit theft of a trade secret and acquitted them on the remaining fraud charge.

Following the trial, U.S. District Judge Peter C. Economus sentenced the defendants. Pin Yen Yang, former president of Four Pillars, was sentenced to six months of home confinement; fined \$250,000; and placed on probation for 18 months. Sally Yang, a former Four Pillars executive, received no jail time but was fined \$50,000 and placed on probation for one year. In imposing these sentences, the judge "departed downward"; that is, imposed sentences that were far lighter than what the federal sentencing guidelines would recommend for these offenses. The judge explained his "downward departure" by citing the prominent role the victim, Avery Dennison

Corporation, apparently played in the prosecution. In contrast, the judge "departed upward" and sentenced the corporate defendant Four Pillars to pay a \$5 million fine (the statutory maximum).

The appeals court rejected the district court's reasoning and held that the judge had "abused his discretion" in departing from the federal sentencing guidelines. The court found that Judge Economus's stated justifications for the lower sentences given to the individual defendants and the high fine imposed on the Four Pillars corporation were legally insufficient. The appeals court, therefore, vacated all three sentences and ordered the district court to resentence all defendants in accordance with the appellate opinion.

The appeals court also rejected a number of other issues the defendants had raised. The case now will return to the U.S. District Court for the Northern District of Ohio, which is expected to set a date for resentencing soon.

This case was the first case to go to trial under the Economic Espionage Act of 1996 and was investigated by the Federal Bureau of Investigation. It was the subject of the NCIX award-winning video, “Insider Betrayal,” which highlighted this case. Further information about the video may be found at:

[http://www.ncix.gov/pubs/videos/video\\_insider.html](http://www.ncix.gov/pubs/videos/video_insider.html).

The full text of the opinion rendered by the United States Sixth Circuit Court of Appeals may be found at: <http://laws.lp.findlaw.com/6th/02a0062p.html>.